

CONFERENCE COMMITTEE REPORT FORM

Austin, Texas

MAY 30, 2025

Date

Honorable Dan Patrick
President of the Senate

Honorable Dustin Burrows
Speaker of the House of Representatives

Sirs:

We, Your Conference Committee, appointed to adjust the differences between the Senate and the House of Representatives on SB 457 have had the same under consideration, and beg to report it back with the recommendation that it do pass in the form and text hereto attached.

D. W. Kolkhorst
Sen. Kolkhorst, Chair

C. J. Blanco
Sen. Blanco

D. Campbell
Sen. Campbell

B. Hughes
Sen. Hughes

Sen. Sparks
On the part of the Senate

Rep. Frank
Rep. Frank, Chair

Lacey Hill

Sen. Rose

G. Capron

On the part of the House

Note to Conference Committee Clerk:

Please type the names of the members of the Conference Committee under the lines provided for signature. Those members desiring to sign the report should sign each of the six copies. Attach a copy of the Conference Committee Report and a Section by Section side by side comparison to each of the six reporting forms. The original and two copies are filed in house of origin of the bill, and three copies in the other house.

CONFERENCE COMMITTEE REPORT

3rd Printing

S.B. No. 457

A BILL TO BE ENTITLED

AN ACT

relating to the regulation of certain nursing facilities, including
licensing requirements and Medicaid participation and
reimbursement requirements.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subchapter D, Chapter 532, Government Code, is
amended by adding Section 532.0159 to read as follows:

Sec. 532.0159. CONTINUED REIMBURSEMENT OF NURSING
FACILITIES WHILE CHANGE IN OWNERSHIP APPLICATION PENDING. (a)

Notwithstanding any other law, the commission shall ensure that a
nursing facility providing Medicaid services to recipients
continues to receive Medicaid reimbursement uninterrupted while a
change in ownership application for the facility is pending with
the commission, provided the facility under the new ownership:

(1) accepts assignment of the previous owner's
Medicaid provider agreement subject to applicable federal and state
law, including applicable federal and state regulations;

(2) satisfies applicable requirements under federal
and state law, including the licensing requirement under Chapter
242, Health and Safety Code;

(3) if required by the terms of and agreed to by the
parties to the contract, assumes the contract to deliver Medicaid
nursing facility services in effect before the change in ownership;

(4) subject to Subsection (b), enters into a successor

liability agreement, approved by the commission; and

(5) meets any additional requirements prescribed by the commission.

(b) A successor liability agreement under Subsection (a)(4) must require that the facility under the new ownership:

(1) pay the commission for any outstanding liabilities under the contract in effect before the change in ownership that are identified by the commission; and

(2) agree that an outstanding liability identified by the commission may include a liability incurred by the previous owner without regard to:

(A) when a service was provided or a claim was filed; or

(B) whether the liability is identified by the commission or another authorized entity, including a Medicaid managed care organization.

(c) This section does not apply to a supplemental payment program or a directed payment program, as defined by Section 532.0102, operated or administered by the commission.

(d) The executive commissioner shall adopt rules necessary to implement this section.

SECTION 2. Section 540.0752(b), Government Code, is amended to read as follows:

(b) Subject to Section 540.0701 and notwithstanding any other law, the commission shall provide Medicaid benefits through the STAR+PLUS Medicaid managed care program to recipients who reside in nursing facilities. In implementing this subsection, the

1 commission shall ensure that:

2 (1) a nursing facility is paid not later than the 10th
3 day after the date the facility submits a clean claim;

4 (1-a) a nursing facility complies with the patient care
5 expense ratio adopted under Section 32.0286, Human Resources Code;

6 (2) services are used appropriately, consistent with
7 criteria the commission establishes;

8 (3) the incidence of potentially preventable events
9 and unnecessary institutionalizations is reduced;

10 (4) a Medicaid managed care organization providing
11 services under the program:

12 (A) provides discharge planning, transitional
13 care, and other education programs to physicians and hospitals
14 regarding all available long-term care settings;

15 (B) assists in collecting applied income from
16 recipients; and

17 (C) provides payment incentives to nursing
18 facility providers that:

19 (i) reward reductions in preventable acute
20 care costs; and

21 (ii) encourage transformative efforts in
22 the delivery of nursing facility services, including efforts to
23 promote a resident-centered care culture through facility design
24 and services provided;

25 (5) a portal is established that complies with state
26 and federal regulations, including standard coding requirements,
27 through which nursing facility providers participating in the

1 program may submit claims to any participating Medicaid managed
2 care organization;

3 (6) rules and procedures relating to certifying and
4 decertifying nursing facility beds under Medicaid are not affected;
5 and

6 (7) a Medicaid managed care organization providing
7 services under the program, to the greatest extent possible, offers
8 nursing facility providers access to:

9 (A) acute care professionals; and

10 (B) telemedicine, when feasible and in
11 accordance with state law, including rules adopted by the Texas
12 Medical Board[, ~~and~~

13 [~~(8) the commission approves the staff rate~~
14 ~~enhancement methodology for the staff rate enhancement paid to a~~
15 ~~nursing facility that qualifies for the enhancement under the~~
16 ~~program]~~.

17 SECTION 3. Subchapter F, Chapter 540, Government Code, is
18 amended by adding Section 540.0283 to read as follows:

19 Sec. 540.0283. NURSING FACILITY PROVIDER AGREEMENTS:
20 COMPLIANCE WITH PATIENT CARE EXPENSE RATIO. (a) A contract to
21 which this subchapter applies must require that each provider
22 agreement between the contracting Medicaid managed care
23 organization and a nursing facility include a requirement that the
24 facility comply with the patient care expense ratio adopted under
25 Section 32.0286, Human Resources Code.

26 (b) This section does not apply to a state-owned facility.

27 SECTION 4. Section 242.032, Health and Safety Code, is

amended by adding Subsection (b-1) to read as follows:

(b-1) The application must:

(1) include the name of each person with a direct or indirect ownership interest of five percent or more in:

(A) the nursing facility, including a subsidiary or parent company of the facility; and

(B) the real property on which the nursing facility is located, including any owner, common owner, tenant, or sublessee; and

(2) describe the exact ownership interest of each of those persons in relation to the facility or property.

SECTION 5. Subchapter B, Chapter 242, Health and Safety Code, is amended by adding Section 242.0333 to read as follows:

Sec. 242.0333. NOTIFICATION OF CHANGE TO OWNERSHIP INTEREST APPLICATION INFORMATION. A license holder shall notify the commission, in the form and manner the commission requires, of any change to the ownership interest application information provided under Section 242.032(b-1).

SECTION 6. Subchapter B, Chapter 32, Human Resources Code, is amended by adding Section 32.0286 to read as follows:

Sec. 32.0286. ANNUAL PATIENT CARE EXPENSE RATIO FOR REIMBURSEMENT OF CERTAIN NURSING FACILITY PROVIDERS. (a) In this section, "patient care expense":

(1) includes an expense incurred by a nursing facility for:

(A) providing compensation and benefits to:

(i) direct care staff of a facility,

1 whether the staff are employees of or contract labor for the
2 facility, including:
3 (a) licensed registered nurses and
4 licensed vocational nurses, including directors of nursing and
5 assistant directors of nursing;
6 (b) medication aides;
7 (c) restorative aides;
8 (d) nurse aides who provide
9 nursing-related care to residents occupying medical assistance
10 beds;
11 (e) licensed social workers; and
12 (f) social services assistants;
13 (ii) additional staff associated with
14 providing care to facility residents with a severe cognitive
15 impairment;
16 (iii) nonprofessional administrative
17 staff, including medical records staff and accounting or
18 bookkeeping staff;
19 (iv) central supply staff and ancillary
20 facility staff;
21 (v) housekeeping staff and laundry staff;
22 and
23 (vi) food service staff;
24 (B) central supply costs and ancillary costs for
25 facility services and supplies, including:
26 (i) diagnostic laboratory and radiology
27 costs;

1 (ii) durable medical equipment costs,
2 including costs to purchase, rent, or lease the equipment;

3 (iii) costs for oxygen used to provide
4 oxygen treatment;

5 (iv) prescription and nonprescription drug
6 costs; and

7 (v) therapy consultant costs; and

8 (C) costs for dietary and nutrition services,
9 including costs for:

10 (i) food service and related supplies; and

11 (ii) nutritionist services; and

12 (2) does not include an expense for:

13 (A) administrative or operational costs, other
14 than administrative or operational costs described by Subdivision
15 (1); or

16 (B) fixed capital asset costs.

17 (b) The executive commissioner by rule shall establish an
18 annual patient care expense ratio, including a process for
19 determining the ratio, applicable to the reimbursement of nursing
20 facility providers for providing services to recipients under the
21 medical assistance program. In establishing the ratio, the
22 executive commissioner shall require that at least 80 percent of
23 the portion of the medical assistance reimbursement amount paid to
24 a nursing facility that is attributable to patient care expenses is
25 spent on reasonable and necessary patient care expenses.

26 (c) The executive commissioner shall adopt rules necessary
27 to ensure each nursing facility provider that participates in the

medical assistance program complies with the patient care expense ratio adopted under this section.

(d) Except as provided by Subsection (e) and to the extent permitted by federal law, the commission may recoup all or part of the medical assistance reimbursement amount paid to a nursing facility that is subject to the patient care expense ratio under this section if the facility fails to spend the reimbursement amount in accordance with the patient care expense ratio.

(e) The commission may not recoup a medical assistance reimbursement amount under Subsection (d) if, during the period patient care expenses attributable to the reimbursement amount are calculated, the facility:

(1) held at least a four-star rating under the Centers for Medicare and Medicaid Services five-star quality rating system for nursing facilities in three or more of the following categories:

(A) overall;

(B) health inspections;

(C) staffing; and

(D) long-stay quality measures;

(2) both:

(A) maintained an average daily occupancy rate of 75 percent or less; and

(B) spent at least 70 percent of the portion of the reimbursement amount paid to the facility that was attributable to patient care expenses on reasonable and necessary patient care expenses; or

1 (3) incurred expenses related to a disaster for which
2 the governor issued a disaster declaration under Chapter 418,
3 Government Code.

4 (f) The commission shall publish and maintain on the
5 commission's Internet website a list of all nursing facilities from
6 which the commission recouped medical assistance reimbursement
7 amounts under Subsection (d).

8 (g) The commission may not require a nursing facility to
9 comply with the patient care expense ratio as a condition of
10 participation in the medical assistance program.

11 (h) This section does not apply to a state-owned facility.

12 SECTION 7. Sections 32.028(g), (i), and (m), Human
13 Resources Code, are repealed.

14 SECTION 8. (a) The Health and Human Services Commission
15 shall, subject to this section, require compliance with the initial
16 annual patient care expense ratio adopted under Section 32.0286,
17 Human Resources Code, as added by this Act, beginning on September
18 1, 2025.

19 (b) The Health and Human Services Commission shall, in a
20 contract between the commission and a managed care organization
21 under Chapter 540, Government Code, that is entered into or renewed
22 on or after the effective date of this Act, require the managed care
23 organization to comply with Section 540.0283, Government Code, as
24 added by this Act.

25 (c) The Health and Human Services Commission shall seek to
26 amend contracts entered into with managed care organizations under
27 Chapter 533 or 540, Government Code, before the effective date of

1 this Act to require those managed care organizations to comply with
2 Section 540.0283, Government Code, as added by this Act. To the
3 extent of a conflict between that section and a provision of a
4 contract with a managed care organization entered into before the
5 effective date of this Act, the contract provision prevails.

6 SECTION 9. Not later than November 1, 2027, the Health and
7 Human Services Commission shall prepare and submit to the
8 legislature a written report that includes an assessment of the
9 impact of the patient care expense ratio established under Section
10 32.0286, Human Resources Code, as added by this Act, on nursing
11 facility care provided to Medicaid recipients during the preceding
12 state fiscal biennium, including the impact on the cost and quality
13 of care and any other information the commission determines
14 appropriate.

15 SECTION 10. If before implementing any provision of this
16 Act a state agency determines that a waiver or authorization from a
17 federal agency is necessary for implementation of that provision,
18 the agency affected by the provision shall request the waiver or
19 authorization and may delay implementing that provision until the
20 waiver or authorization is granted.

21 SECTION 11. This Act takes effect September 1, 2025.

Senate Bill 457
Conference Committee Report
Section-by-Section Analysis

SENATE VERSION

No equivalent provision.

HOUSE VERSION (IE)

SECTION __. Subchapter D, Chapter 532, Government Code, is amended by adding Section 532.0159 to read as follows:

Sec. 532.0159. CONTINUED REIMBURSEMENT OF NURSING FACILITIES WHILE CHANGE IN OWNERSHIP APPLICATION PENDING. (a)

Notwithstanding any other law, the commission shall ensure that a nursing facility providing Medicaid services to recipients continues to receive Medicaid reimbursement uninterrupted while a change in ownership application for the facility is pending with the commission, provided the facility under the new ownership:

(1) accepts assignment of the previous owner's Medicaid provider agreement subject to applicable federal and state law, including applicable federal and state regulations;

(2) satisfies applicable requirements under federal and state law, including the licensing requirement under Chapter 242, Health and Safety Code;

(3) if required by the terms of and agreed to by the parties to the contract, assumes the contract to deliver Medicaid nursing facility services in effect before the change in ownership;

(4) subject to Subsection (b), enters into a successor liability agreement, approved by the commission; and

(5) meets any additional requirements prescribed by the commission.

(b) A successor liability agreement under Subsection (a)(4) must require that the facility under the new ownership:

(1) pay the commission for any outstanding liabilities under the contract in effect before the change in ownership that are identified by the commission; and

CONFERENCE

SECTION 1. Same as House version.

Senate Bill 457
Conference Committee Report
Section-by-Section Analysis

SENATE VERSION

HOUSE VERSION (IE)

CONFERENCE

(2) agree that an outstanding liability identified by the commission may include a liability incurred by the previous owner without regard to:
(A) when a service was provided or a claim was filed; or
(B) whether the liability is identified by the commission or another authorized entity, including a Medicaid managed care organization.
(c) This section does not apply to a supplemental payment program or a directed payment program, as defined by Section 532.0102, operated or administered by the commission.
(d) The executive commissioner shall adopt rules necessary to implement this section. [FA2]

SECTIONS 1-4.

SECTIONS 1-4. Same as Senate version.

SECTIONS 2-5. Same as Senate version.

SECTION 5. Subchapter B, Chapter 32, Human Resources Code, is amended by adding Section 32.0286 to read as follows:

SECTION 5. Subchapter B, Chapter 32, Human Resources Code, is amended by adding Section 32.0286 to read as follows:

SECTION 6. Same as Senate version except as follows:

Sec. 32.0286. ANNUAL PATIENT CARE EXPENSE RATIO FOR REIMBURSEMENT OF CERTAIN NURSING FACILITY PROVIDERS.

Sec. 32.0286. Same heading as Senate version.

Sec. 32.0286. Same heading as Senate version.

(a) In this section, "patient care expense":
(1) includes an expense incurred by a nursing facility for:
(A) providing compensation and benefits to:
(i) direct care staff of a facility, whether the staff are employees of or contract labor for the facility, including:

(a) In this section, "patient care expense":
(1) includes an expense incurred by a nursing facility for:
(A) providing compensation and benefits to:
(i) direct care staff of a facility, whether the staff are employees of or contract labor for the facility, including:

(a) Same as House version.

Senate Bill 457
Conference Committee Report
Section-by-Section Analysis

SENATE VERSION

(a) licensed registered nurses and licensed vocational nurses, including directors of nursing and assistant directors of nursing;
(b) medication aides;
(c) restorative aides;
(d) nurse aides who provide nursing-related care to residents occupying medical assistance beds;
(e) licensed social workers; and
(f) social services assistants;
(ii) additional staff associated with providing care to facility residents with a severe cognitive impairment;
(iii) nonprofessional administrative staff, including medical records staff and accounting or bookkeeping staff;
(iv) central supply staff and ancillary facility staff;
(v) laundry staff; and
(vi) food service staff;
(B) central supply costs and ancillary costs for facility services and supplies, including:
(i) diagnostic laboratory and radiology costs;
(ii) durable medical equipment costs, including costs to purchase, rent, or lease the equipment;
(iii) costs for oxygen used to provide oxygen treatment;
(iv) prescription and nonprescription drug costs; and
(v) therapy consultant costs; and
(C) costs for dietary and nutrition services, including costs for:
(i) food service and related supplies; and
(ii) nutritionist services; and
(2) does not include an expense for:
(A) administrative or operational costs, other than administrative or operational costs described by Subdivision (1); or

HOUSE VERSION (IE)

(a) licensed registered nurses and licensed vocational nurses, including directors of nursing and assistant directors of nursing;
(b) medication aides;
(c) restorative aides;
(d) nurse aides who provide nursing-related care to residents occupying medical assistance beds;
(e) licensed social workers; and
(f) social services assistants;
(ii) additional staff associated with providing care to facility residents with a severe cognitive impairment;
(iii) nonprofessional administrative staff, including medical records staff and accounting or bookkeeping staff;
(iv) central supply staff and ancillary facility staff;
(v) **housekeeping staff and** laundry staff; and [FA1(1)]
(vi) food service staff;
(B) central supply costs and ancillary costs for facility services and supplies, including:
(i) diagnostic laboratory and radiology costs;
(ii) durable medical equipment costs, including costs to purchase, rent, or lease the equipment;
(iii) costs for oxygen used to provide oxygen treatment;
(iv) prescription and nonprescription drug costs; and
(v) therapy consultant costs; and
(C) costs for dietary and nutrition services, including costs for:
(i) food service and related supplies; and
(ii) nutritionist services; and
(2) does not include an expense for:
(A) administrative or operational costs, other than administrative or operational costs described by Subdivision (1); or

CONFERENCE

Senate Bill 457
Conference Committee Report
Section-by-Section Analysis

SENATE VERSION

(B) fixed capital asset costs.

(b) The executive commissioner by rule shall establish an annual patient care expense ratio, including a process for determining the ratio, applicable to the reimbursement of nursing facility providers for providing services to recipients under the medical assistance program. In establishing the ratio, the executive commissioner shall require that *at least 85 percent* of the portion of the medical assistance reimbursement amount paid to a nursing facility that is attributable to patient care expenses is spent on reasonable and necessary patient care expenses.

(c) The executive commissioner shall adopt rules necessary to ensure each nursing facility provider that participates in the medical assistance program complies with the patient care expense ratio adopted under this section.

(d) Except as provided by Subsection (e) and to the extent permitted by federal law, the commission may recoup all or part of the medical assistance reimbursement amount paid to a nursing facility that is subject to the patient care expense ratio under this section if the facility fails to spend the reimbursement amount in accordance with the patient care expense ratio.

(e) The commission may not recoup a medical assistance reimbursement amount under Subsection (d) if, during the period patient care expenses attributable to the reimbursement amount are calculated, the facility:

HOUSE VERSION (IE)

(B) fixed capital asset costs.

(b) The executive commissioner by rule shall establish an annual patient care expense ratio, including a process for determining the ratio, applicable to the reimbursement of nursing facility providers for providing services to recipients under the medical assistance program. In establishing the ratio, the executive commissioner shall require that *at least 80 percent* of the portion of the medical assistance reimbursement amount paid to a nursing facility that is attributable to patient care expenses is spent on reasonable and necessary patient care expenses.

(c) Same as Senate version.

(d) Same as Senate version.

(e) The commission may not recoup a medical assistance reimbursement amount under Subsection (d) if, during the period patient care expenses attributable to the reimbursement amount are calculated, the facility:

CONFERENCE

(b) Same as House version.

(c) Same as Senate version.

(d) Same as Senate version.

(e) The commission may not recoup a medical assistance reimbursement amount under Subsection (d) if, during the period patient care expenses attributable to the reimbursement amount are calculated, the facility:

Senate Bill 457
Conference Committee Report
Section-by-Section Analysis

SENATE VERSION

(1) held at least a four-star rating under the Centers for Medicare and Medicaid Services five-star quality rating system for nursing facilities in **two or more** of the following categories:

- (A) overall;
- (B) health inspections;
- (C) staffing; and
- (D) long-stay quality measures;

(2) both:

- (A) maintained an average daily occupancy rate of 75 percent or less; and
- (B) spent at least 70 percent of the portion of the reimbursement amount paid to the facility that was attributable to patient care expenses on reasonable and necessary patient care expenses; or
- (3) incurred expenses related to a disaster for which the governor issued a disaster declaration under Chapter 418, Government Code.

(f) The commission shall publish and maintain on the commission's Internet website a list of all nursing facilities from which the commission recouped medical assistance reimbursement amounts under Subsection (d).

(g) The commission may not require a nursing facility to comply with the patient care expense ratio as a condition of participation in the medical assistance program.

HOUSE VERSION (IE)

(1) held at least a four-star rating under the Centers for Medicare and Medicaid Services five-star quality rating system for nursing facilities in **three or more** of the following categories:

- (A) overall;
- (B) health inspections;
- (C) staffing; and
- (D) long-stay quality measures;

(2) held at least a four-star rating under the Centers for Medicare and Medicaid Services five-star quality rating system for nursing facilities in the category of quality measures; [FA1(2)]

(3) both:

- (A) maintained an average daily occupancy rate of 75 percent or less; and
- (B) spent at least 70 percent of the portion of the reimbursement amount paid to the facility that was attributable to patient care expenses on reasonable and necessary patient care expenses; or
- (4) incurred expenses related to a disaster for which the governor issued a disaster declaration under Chapter 418, Government Code.

(f) Same as Senate version.

(g) Same as Senate version.

CONFERENCE

(1) held at least a four-star rating under the Centers for Medicare and Medicaid Services five-star quality rating system for nursing facilities in **three or more** of the following categories:

- (A) overall;
- (B) health inspections;
- (C) staffing; and
- (D) long-stay quality measures;

(2) both:

- (A) maintained an average daily occupancy rate of 75 percent or less; and
- (B) spent at least 70 percent of the portion of the reimbursement amount paid to the facility that was attributable to patient care expenses on reasonable and necessary patient care expenses; or
- (3) incurred expenses related to a disaster for which the governor issued a disaster declaration under Chapter 418, Government Code.

(f) Same as Senate version.

(g) Same as Senate version.

Senate Bill 457
Conference Committee Report
Section-by-Section Analysis

SENATE VERSION	HOUSE VERSION (IE)	CONFERENCE
<u>(h) This section does not apply to a state-owned facility.</u>	(h) Same as Senate version.	(h) Same as Senate version.
SECTIONS 6-9.	SECTIONS 6-9. Same as Senate version.	SECTIONS 7-10. Same as Senate version.
SECTION 10. This Act takes effect September 1, 2025.	SECTION 10. Same as Senate version.	SECTION 11. Same as Senate version.

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION

May 30, 2025

TO: Honorable Dan Patrick, Lieutenant Governor, Senate
Honorable Dustin Burrows, Speaker of the House, House of Representatives

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: SB457 by Kolkhorst (Relating to the regulation of certain nursing facilities, including licensing requirements and Medicaid participation and reimbursement requirements.), **Conference Committee Report**

Estimated Two-year Net Impact to General Revenue Related Funds for SB457, Conference Committee Report: a negative impact of (\$1,751,447) through the biennium ending August 31, 2027.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five- Year Impact:

<i>Fiscal Year</i>	Probable Net Positive/(Negative) Impact to <i>General Revenue Related Funds</i>
2026	(\$1,384,543)
2027	(\$366,904)
2028	(\$367,564)
2029	(\$368,113)
2030	(\$368,674)

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	Probable Savings/(Cost) from <i>General Revenue Fund 1</i>	Probable Savings/(Cost) from <i>GR Match For Medicaid 758</i>	Probable Savings/(Cost) from <i>Federal Funds 555</i>	<i>Change in Number of State Employees from FY 2023</i>
2026	(\$917,885)	(\$466,658)	(\$477,192)	3.0
2027	(\$366,904)	\$0	\$0	3.0
2028	(\$367,564)	\$0	\$0	3.0
2029	(\$368,113)	\$0	\$0	3.0
2030	(\$368,674)	\$0	\$0	3.0

Fiscal Analysis

The bill would require applications for license or renewal of a license of a nursing facility and related institution to include the name of each person with direct or indirect ownership interest of five percent or more in the facility or the real property on which the facility is located, and to describe the ownership interest. The bill would require a license holder to notify the Health and Human Services Commission (HHSC) of changes made to the ownership interest information included in the application.

The bill would require the executive commissioner of HHSC to, by rule, establish an annual patient care expense ratio applicable to the reimbursement of nursing facility providers. With certain exceptions, the bill would permit HHSC to recoup all or part of the medical assistance reimbursement amount paid to a nursing facility that is subject to the expense ratio if the facility fails to spend the reimbursement amount in accordance with the expense ratio.

The bill would require HHSC to ensure that a nursing facility providing Medicaid services to recipients continues to receive Medicaid reimbursement uninterrupted while a change in ownership application is pending, provided the facility under the new ownership meets certain requirements.

The bill would take effect September 1, 2025.

Methodology

According to HHSC, 3.5 additional full-time equivalents (FTE) would be needed to process an anticipated increase in applications. This analysis assumes HHSC would need additional License and Permit Specialist IV positions to process increased applications and screen additional individuals that are required to be disclosed in the application. This analysis assumes a total of 3.0 FTEs are needed in fiscal year 2026 through 2030 to implement the provisions of the bill. Personnel-related costs, including salaries, travel, and overhead are estimated to total \$396,652 from All Funds in fiscal year 2026 and \$366,904 from All Funds in fiscal year 2027.

It is assumed all other costs associated with the bill can be absorbed within existing resources.

Technology

The total technology cost is estimated to be \$1,465,083 from All Funds in fiscal year 2026. Costs are primarily related to software licenses and one-time modifications to the Texas Unified Licensure Information Portal to accommodate the changes to applications required by the bill.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 529 Health and Human Services Commission

LBB Staff: JMc, CMA, NPe, ER, ESch, NV